

### KYRGYZSTAN: Enterprise, Trade and Finance

Strategic Objective	The Challenge, Problem, Opportunity	The "Business Case" for changing behavior	Proposed Intervention/Activity	Expected Result/Impact	Timeframe
<b>SO 1.3 Improved environment for small and medium enterprises (EF)</b>	Harassment by inspectors, licensing agents, auditors, etc. in order to extract bribes (SMEs are 50% of Kyrgyz economy)		Improve access to land registry records and transparency in land use and purchase	Fewer opportunities to hide transactions and rent-seeking	Parliamentary elections in 2005 may offer incentives to pursue these activities by connecting them to a specific political outcome
	Vertical 'racket' system whereby small officials must share bribes with higher ones, etc. and business must comply in order to avoid worse interactions	Entire system costs much more to operate illegally than legally and above-board	Get USAID and its implementers out of buildings owned by the President or his family	USAID will be able to lead 'by example' in the anti-corruption field	
	Senior banking managers routinely receive 10% kickbacks from loan officers to process loans to businesses.	Credit is overly expensive, which deters private investment	Publish in Kyrgyz newspapers what USAID spends and how it spends it to increase donor transparency	USAID will be able to lead 'by example' in the anti-corruption field	
	Ministries deliberately underfinanced in order to facilitate and encourage bribe-seeking;	Ministries have no recourse except to seek rents which takes away investment from the private sector	Donor Collaboration to avoid duplication and undermining of efforts by other donors	Public will begin to understand differences between grants and loans and citizens will have models of integrity for comparison	
	Excessively high taxation rates and Social Fund opacity create widespread tax avoidance	State suffers huge losses of potential income through double-accounting, tax avoidance	Balanced' training programs bringing govt officials, NGOs and the private sector under the safe roof at same time	Govt will no longer be able to do certain things out of ignorance	
	Widespread ignorance and/or failure to enforce conflicts of interest	Failure to separate conflict of interest creates incentives for bribes and loss of both public and private revenue	Legislation governing conflict of interest and public/private barriers must be improved and enforced	Businesses will know that the law is worth knowing and using if they can see direct improvements from it	